

Kurt Gibson

GPPO Director

701 West 8th Ave., Suite. 400

Anchorage, Alaska 99501-3510

907-269-5001

State of Alaska



Mark Morones

GPPO Outreach Program Manager

Office: (907) 269-5005

Cell: (907) 903-1140

mark.morones@alaska.gov

Press Release - FOR IMMEDIATE RELEASE

ALASKA GAS PIPELINE PROJECT OFFICE

November 28, 2011

Gas Pipeline Project Office Releases Natural Gas Off-Take Study

Anchorage – The Alaska Gas Pipeline Project Office (GPPO) released the results of a study prepared by Black & Veatch assessing potential options to facilitate the delivery of natural gas to small communities as part of the natural gas transportation pipeline systems proposed by the Alaska Pipeline Project (APP).

“As APP continues to make strides on its engineering and regulatory efforts to construct a gasline project to transport and commercialize Alaska North Slope natural gas our office felt it was important to start examining options to distribute some of that gas to Alaska communities,” said Kurt Gibson, Director of the GPPO. “It is encouraging to learn that the cost and manner for providing gas off-takes are both reasonable and adaptable to community needs.”

While the focus of a major gas pipeline remains to construct a transportation system to commercialize Alaska natural gas, APP’s proposals for either an option through Alaska to the Alberta border or an LNG option to Valdez both provide for a minimum of five off-take delivery points.

“The study identified the possibility of installing stubs at strategic locations along the route that could be activated – “hot tapped” – at some point in time after completion of a big gasline.” said Gibson. “This approach provides flexibility for communities, utilities and other parties interested in accessing natural gas to enter into commercial agreements for obtaining gas on their own schedule.”

According to the study the capital costs for a community gas delivery off-take system (not including the local distribution system) would range from \$150,000 - \$200,000 per location. Black & Veatch estimates that each location’s operation and maintenance cost would amount to an additional \$50,000 - \$75,000 per year. “These are estimated capital and operating costs and do not include the costs of distribution infrastructure and appliance conversion for communities wishing to make the switch to natural gas,” said Gibson.

More

Off-take Study release, pg. 2 of 2

In evaluating gas off-take options Black & Veatch reviewed the In State Gas Demand Study, prepared by Northern Economics in January 2010, for TransCanada Alaska Company LLC as part of the regulatory process the company is required to follow to receive approval to construct this project. The gas demand study described potential gas usage of communities located along the APP pipeline route. These usage sectors include residential and commercial, electrical power generation, and industrial heat and power generation. Copies of the In State Gas Demand studies are available online, at:

<http://www.gasline.alaska.gov/newsroom/Presentations/presentations.html>.

In the event that a pipeline is built and commercial agreements are reached to “tap” into the main line, construction of these stubs would provide easy access for trained APP personnel to connect a stub to a metering and regulating (M/R) station and effectively supply Alaska communities and other potential gas users.

A copy of the Off-take Study is available online at the GPPO website, at:

<http://gasline.alaska.gov>

For additional information please contact Mark Morones, the GPPO Outreach Project Manager at Mark.Morones@alaska.gov.

###

NOTE: Black & Veatch is a leading global engineering, consulting and construction company, founded in 1915, specializing in infrastructure development in energy, water, telecommunications, federal, management consulting and environmental markets. Black & Veatch prepared this study for the Alaska Gas Pipeline Project office and the Alaska Department of Natural Resources. A complete version of this study is available online at: <http://gasline.alaska.gov>.